



UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100



FEB 26 1996

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Prompt Recording of Obligations in Official Accounting Systems

The prompt recording of obligations in the Department's official accounting systems is absolutely essential. I have been informed that in some cases, obligations are not being recorded promptly. Delays in recording obligations cause the available funding balances to be overstated and reported obligations to be understated and, therefore, increase the potential for a violation of the Antideficiency Act. In addition, such delays also can cause payment transactions to be rejected unnecessarily during the prevalidation process and consequently result in unmatched disbursements or negative unliquidated obligations.

Effective immediately, obligations should be recorded in the official accounting records at the time that the legal obligation is incurred, or as close to the time of incurrence as is possible. However, in no instance should obligations be recorded any later than 10 calendar days following the date that an obligation is incurred. In addition to this 10-day timeframe, obligating actions of \$100,000 or more--per fund citation/accounting line on the obligation document--must be recorded and included in the official financial reports for the same month in which the obligation is incurred.

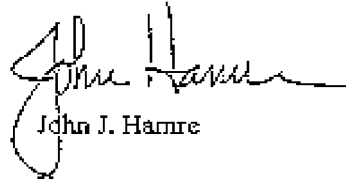
In many cases, the office that executes the obligation is not the office that is responsible for recording the obligation in the official accounting system. In those cases, the office that executes the obligating action--such as a contracting office that awards a contract--must provide the obligation data to the office that is responsible for recording the obligation as soon as feasible after the legal obligation is incurred but in no instance later than 6 days following the date that the obligation is incurred. The office responsible for recording the obligation must then record the obligation within 3 days of receipt.

Accelerated actions are required to ensure that obligating actions of \$100,000 or more, and executed within 10 days of the end of the month, are provided to the accounting office and recorded and included in the official financial reports for that month. Offices executing obligating actions of \$100,000 or more must coordinate with the office(s) responsible for

recording these obligation(s) to ensure that the data is received and recorded before the end of month financial reports are prepared.

Please review your internal procedures for processing and recording obligation transactions and make such adjustments as may be needed to meet these timeframes.

My staff point of contact for this issue is Mr. Henry Bezold. He may be reached at (703)614-3523 or DSN 224-3523.



John J. Hamre